GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

STARRED QUESTION NO:309
ANSWERED ON:22.12.2004
PROMOTION OF COTTAGE INDUSTRIES
Azmi Shri Iliyas;Modi Shri Sushil Kumar

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a): the schemes/economic packages introduced or proposed to be introduced by the Government for promotion of cottage industries;

(b): the manner in which the cottage industries are being assisted or will be assisted under the same; and

(c): the details of the amounts released and spent for the schemes already introduced during each of the last three years, State-wise?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)to(c): A statement has been placed on the Table of the Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. 309 FOR ANSWER ON 22.12.2004 RAISED BY SHRI ILYAS AZAMI AND SHRI SUSHIL KUMAR MODI

(a)to(c): The Government has been implementing the Rural Employment Generation Programme (REGP) since 01 April, 1995, through the Khadi and Village Industries Commission(KVIC), for promotion and development of village industries, including cottage industries. Under this programme, entrepreneurs can establish village/cottage industries, by availing of margin money assistance from the KVIC and loans from any public sector scheduled commercial banks, selected regional rural banks and co-operative banks, etc., for projects with a maximum cost of Rs. 25 lakh. The margin money assistance is given as detailed in the table below:

Margin Money Assistance under REGP

Sl.No.	Category of Beneficiary	Project Cost	Margin money Assistance
1	General	Upto Rs. 10 lakh	25% of project cost
2	SC/ST/Women/Ex-Serviceman/ NE Region/Hill Areas	Upto Rs. 10 lakh	30% of project cost
3	General	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 2.5 lakh + 10% of balance project cost
4	SC/ST/Women/Ex-Serviceman/NE Region/Hill Areas	Rs. 10 lakh and Upto Rs. 25 lakh	Rs. 3 lakh + 10% of balance project cost

Note: SC/ST = Scheduled Caste/Scheduled Tribe;
NE = North Eastern

In addition, for promotion of village/cottage industries, the Government provides the following support through the KVIC:

(i) Financial assistance to individual entrepreneurs/institutions to the extent of Rs. 1 lakh/2 lakh per project per year or 75 per cent of the project cost, whichever is lower, for improvement of designs, quality and better packaging of products under Product Development, Design Intervention and Packaging (PRODIP) Scheme.

(ii) Financial assistance to State/Union Territory (UT) Khadi and Village Industries Boards (KVIBs) and other eligible institutions, to the extent of 75 per cent (90 per cent in North Eastern States) upto a project cost of Rs. 5 lakh and 75 per cent (80 per cent in North Eastern States) upto a project cost of Rs. 25 lakh for setting up Common Facility Centres for providing backward forward linkages and necessary services like raw material support, skill upgradation, quality control, testing facilities, market promotion, design and product development for strengthening rural industry clusters, under the scheme of Rural Industry Service Centres.

(iii) Financial assistance to registered Khadi and Village Industries institutions and State/Union Territory (UT) KVIBs for participating in exhibitions at national, zonal, state and district levels.

For Regeneration of Traditional Industries such as coir, handloom, sericulture, handicrafts, leather, pottery and other cottage industries, establishment of a Fund with an initial allocation of Rs. 100 crore has been announced in the Budget Speech for 2004-05.

The State/UT-wise details of utilization of Government grants for margin money assistance under the REGP during the last three years are given in the enclosed Annexure.

Annexure

Annexure refened to in reply to part (a) to (c) of the Lok Sabha Starred Question No.309 for answer on 22.12.2004.

State/UT-wise Utilization of Central Government Grants for Margin Money Assistance under REGP in 2001-02,2002-03 and 2003-04.

(Rs. lakh)

Sl.No.	State/UTs	2001-02	2002-03	2003-04
I	NORTH ZONE			
1	CHANDIGARH	47.56	0.40	10.24
2	DELHI	19.35	16.16	12.31
3	HARYANA	1123.47	884.91	1938.96
4	HIMACHALPRADESH	954.73	643.78	757.11
5	JAMMU & KASHMIR	436.50	179.00	363.45
6	PUNJAB	1438.62	1744.62	819.03
7	RAJASTHAN	2211.91	2189.08	2890.28
	TOTAL - I	6232.14	5657.95	6791.38
II	EAST ZONE			
1	ANDAMAN NICOBAR	22.90	78.24	28.44
2	BIHAR	37.46	108.13	186.03
3	JHARKHAND	49.34	421.01	198.08
4	ORISSA	297.89	156.78	784.11
5	WEST BENGAL	822.20	1202.17	1593.51
	TOTAL - II	1229.79	1966.33	2790.17
III	NORTH EAST ZONE			
1	ARUNACHAL PRADESH	11.21	45.36	52.77
2	ASSAM	143.00	375.68	80683

3	MANIPUR	2.98	110.53	4119
4	MEGHALAYA	110.50	135.94	12179
5	MIZORAM	16.83	224.40	6110
6	NAGALAND	168.89	50.15	11720
7	TRIPURA	49.54	106.23	22402
8	SIKKIM	-	6.70	12767
	TOTAL - III	502.95	1054.99	1552.57
	IV SOUTH ZONE			
1	ANDHRA PRADESH	1307.02	1775.01	1675.40
2	KARNATAKA	1067.94	1560.05	1692.17
3	KERALA	1789.10	1196.03	2753.15
4	LAKSHADWEEP	3.00	0.00	7.42
5	PONDICHERRY	7.06	0.29	11.38
6	TAMIL NADU	567.34	604.07	1362.17
	TOTAL - IV	4741.46	5135.45	7501.69
	V WEST ZONE			
1	D & NAGAR HAVELI	2.47	9.49	4.13
2	GOA	311.95	198.06	82.98
3	GUJARAT	46.85	102.23	130.34
4	MAHARASHTRA	1538.08	1541.92	873.25
	TOTAL - v	1899.35	1851.70	1090.70
	CENTRAL ZONE			
1	CHATTISGARH	297.99	427.33	1098.00
2	MADHYA PRADESH	1096.50	605.97	1355.07
3	UTTARANCHAL	318.00	378.02	979.70
4	UTTAR PRADESH	2706.95	2293.52	3415.18
	TOTAL - VI	4419.44	3704.84	6847.95
	GRAND TOTAL	19025.13	19371.26	26574.46